Enterprise IT Financial Workgroup

Meeting Minutes
September 24, 2015

Attendees	
Meeting Chairperson: Ron Baldwin, State CIO	
Jenifer Alger	State Information Technology Services Division
Becky Buska	Judicial Branch
Dave Carlson	State Information Technology Services Division
John Daugherty	Department of Corrections
Tony Ennenga	State Information Technology Services Division
Stuart Fuller	Department of Public Health and Human Services
Kreh Germaine	Department of Natural Resources and Conservation
Cheryl Grey	Department of Administration
Rose Harmon	Governor's Office
Teri Jeneau	Department of Commerce
⌐Christi Jacobsen	Department of Justice
Larry Krause	Department of Commerce
⌐Lisa Mader	Supreme Court
John Noble	Governor's Office
⌐Jay Phillips	Office of Public Instruction
Amy Sassano	Office of Budget and Program Planning
Tricia Shiltz	Department of Natural Resources and Conservation
Jeff Sillick	Department of Transportation
⌐Jennifer Simmons	Legislative Services Division
Natalie Smitham	Department of Labor and Industry
Jenni Stapp	Montana State Library
Meeting Minutes Recorded by: Samantha Cooley	
*⌐ Lync Participant	

I. Welcome and Introductions, Ron Baldwin

Ron Baldwin, Amy Sassano, Budget Office and Cheryl Grey, SABHRS met yesterday to discuss developing a strategy for IT Volume 10 and how information will be collected and reconciled from IBARS and SABHRS. Tomorrow Ron will discuss IT Volume 10 in front of the Legislative Finance Committee (LFC). Cheryl and Amy will also be in attendance.

Today Ron wants to set the stage for the information presented tomorrow. He will pass out information to the LFC that will look like the type of information Volume 10 will report on. There is still much work to be done, however, we have established an IT Chart of Accounts with a policy behind it and accomplished a portion of the action items requested in Senator Blasdel's memo.

There were several questions from the last meeting that Ron wants to ensure we are tracking and answering.

II.   IT Volume 10

MOM Policy 316-Expense Account Categories Policy, Cheryl Grey

MOM Policy 316, the Expense Account Categories Policy, has been updated. The policy will be published later today including the IT job codes to gather IT expenditure information along with IT expense descriptions. Any questions on the policy should be addressed to Jenifer Alger. Cheryl will be working with SITSD and the Budget Office on how to get the information out of SABHRS, the reporting requirements and the developing the best reporting method. We have a good start. Standardization and accounting for IT expenditures has been established.

Inquiry, Becky Buska:

> "We have our own pay plan, I am not sure how that will be handled."

Action: Cheryl Grey will check on how separate pay plans should be handled and get back to Becky with the information.

Action: Cheryl Grey will send out the IT job codes.

There was previous concern, regarding the IT job codes, where data analysts and GIS coordinators were considered IT. Jennie was interested in hearing if that issue was resolved.

Cheryl commented they may still be coded as IT. We want to be as consistent as possible at an Enterprise level. There may be some anomalies; we will do our best to straighten things out.

Action: Let Jenifer and Cheryl know if there are items on the job codes of concern.

Becky Buska commented all of their IT expenses are recording in one reporting level, however, this information is going to be pulling differently, it will include some things and won't include others, reconciling will be difficult. The concern is if IT is going to be heard for everyone in a separate committee, because trying to answer the questions as to why they are getting different numbers is going to be very confusing.

It's important that what is included and presented in Volume 10 is very clearly communicated. Overhead and travel are not included in Volume 10.

Volume 10 Executive Summary

Ron expressed the importance of writing a very clear, detailed Executive Summary for the Legislators reviewing Volume 10. The Executive Summary should define IT Volume 10, include the scope and identify expense items that were collected and represented within the publication.

Volume 10 Legislative Process

Identifying the Volume 10 Legislative process is another priority for Ron. The following topics will be addressed at tomorrow's meeting with the LFC:

- Obtain direction from the Legislature on the process of the IT Volume 10 Legislative hearing.
- Identify expectations of the use of Volume 10 during the session.

- Identify who will hear Volume 10, whether it will be a special Sub-committee or, the LFC, as a standing committee.
- Identify how the results of Volume 10 will be reported out during the session.

Mapping Volume 10 to agency budgets in the section books for respective agencies will be challenging. Some of this can be resolved with potential reporting.

IT Volume 10 is an Informational Report

Amy Sassano commented she doubts that the subcommittee hearing Volume 10 will be approving any IT budgets. We all need to have a consistent message that Volume 10 is strictly an informational report. It is not a budget development document, it is not a budget report. The report is about IT spending and IT budgets in State government. There will have to be some reconciliation between what is in the budget and IT volume 10. There is not a reasonable way for us to identify certain IT expenditures (how much did IT spend on paper, how much does it cost to prepare IT payroll vs. non-IT payroll etc.) Those kinds of things are excluded from what we are identifying as "IT" The goal is to get as consistent set of data across all agencies as we can. Once we have a consistent set of data, we can provide Enterprise-wide information. They may give direction to separate sub-committees from there. The process could go differently, but this is her best guess.

Inquiry, Jennie Stapp:

> "Is there an opportunity that we can put forward a model for them to consider, to help the process?"

Response, Ron Baldwin:

> "What I would like to do is say to them everything that Amy just said. That our intent is that Volume 10 will fill the spirit and requirements listed out in Senator Blasdel's memo. The publication is for informational purposes, it will include everything that will make up the standardized list of expense codes in SABHRS. The report will provide a basis of understanding as to how IT is deployed and how much it costs in the state of Montana. We have no intent for this Volume to play a role in budgets. We will be putting together some reporting that allows mapping certain expenses to certain reporting levels from a budget perspective."

Challenges:

Amy added that last session, there were two concerns:

1. We didn't have our collective, enterprise IT-act together regarding IT.
2. We are spending too much on IT. We couldn't argue whether or not that was an accurate statement because there was not a consistent enough structure to identify the true cost of IT spending within the State.

Opportunities:

1. We are in the process of finding a better way to take the second year budget as a point of moving forward. This is still a major work in progress.
2. We will have a consistent set of data and standard platform to speak from. The argument of whether IT spending is too much or too little is up to the agency heads.

Ron is working on establishing what needs to be identified from the information within Volume 10. In the past, Ron has been asked to answer the following questions:

1. What does the State spend on IT? What in total do we spend, if we have a number, what is inclusive of that number.

2. What is the percentage of IT spend against the percentage of the general spend, all funds, given all funding sources contribute to the IT spend. The funding sources will be part of the IT Volume 10 reporting. We will be able to reliably identify, for the first time, the comparison between the IT spend and the overall State budget.

Query Templates for Agencies

Amy needs to spend some time figuring out what data, outside of SABHRS, needs to be captured so Cheryl can have her shop write a custom query. The plan is that information will get dropped into an excel template that each agency can run. This template will include base, budget amendments and statutory appropriations.

One of the challenging discussions we are having is if you take HB10 appropriations, even though there are IT expenditures within that appropriation , do you count the entire amount or not? There are some agencies that have their entire IT data structure in place, in those cases, specific IT expenditures are easily identified. However, we don't have a data structure in place for every state agency. Consistency is most important. We have to define those rules, so the query can be designed. The query can be made identical, if not very similar, to the final report that is given to Ron for IT Volume 10. Then it can be run anytime to see what the report will look like.

Assigning Expense Codes

Inquiry, Tricia Shiltz:

> "What I keep asking is a lot of this is dependent on what we put in those expense accounts. Are we all putting the same things in those account codes. One thing I continue to struggle with is the handheld radios. To us, I consider those IT. Is everyone else doing the same thing so there is consistency there?"

Response, John Daugherty:

> "We have 834 radios and all of the radios are being recorded into that expense."

Inquiry, Tricia Shiltz:

> "What about the batteries and everything that goes along with it? Before, a lot of those accessories were excluded. It's a grey area."

Response, Cheryl Grey and Jenifer Alger:

> "Computer supply replacements should be included in account code 62241. Account code 62245 should include parts that make up a whole system. "

John Daugherty commented expense code 62228 is used to record the cost of radio equipment purchases under $5K , similar to how 62245 is used to record computer equipment under $5K. 62709 is for repairs and maintenance, the cost of radio battery replacement would be part of that maintenance.

Tricia commented they were coding batteries to a different account. Other agencies put batteries in that account because they are part of the radio. The radios cannot function without the batteries.

Inquiry, Larry Krause:

> "Another confusing area is the data subscriptions. Is the purchase of data an IT expense or a program expense? We have a data subscription that costs $15K/year. Where does that get recorded?"

MSL has a similar issue. The general consensus is that digital assets are not IT expenses and should not be recorded as such.

Inquiry, Jennifer Simmons:

> "Where should audio/video equipment be recorded?"

Response, Jenifer Alger:

> "Audio/video should go to 62445c."

Inquiry, Sky Foster:

> "I have one other area, lab equipment. We replaced a computer in the lab in Bozeman, where would that expense fall. It's a computer, yes, but not a piece where we have any maintenance."

John Daugherty ran into a similar issue with a machine for the dentist and whether the expense should be recorded as IT or medical.

Stuart Fuller stated they run into the same problem, right in that grey area. It would be beneficial to articulate a philosophical rule to provide guidance.

Response, Becky Buska:

> "Go to Accounting Policy and see whether or not the piece of equipment can operate with or without a computer. If it can't operate without a computer, then it's part of the asset. It should be capitalized with the asset. In the example Sky gave, that computer is part of the system and should not be counted as IT. It has more of a medical function that an IT function."

Importance of Developing Guidelines

Stuart commented that developing a consistent philosophy on recording IT is important. Having those questions flow out would increase consistency.

Jennie commented at the last meeting there was a meeting planned to talk about these specific questions. This meeting would be beneficial, one of the outcomes should be to put forward some general guidelines.

Inquiry, Becky Buska:

> "We have a question about warranties on computers, this is the first year that whatever we buy replaces the maintenance agreement we included it as an IT maintenance agreement. Are others doing that?"

Response, Stuart Fuller:

> *"*To me, it would go back to the fundamental reason you have the equipment. You cannot separate the warranty."

Tricia commented there is more grey area than she thought. We need to be consistent or IT volume 10 is pointless. Further guidance will be helpful.

Inquiry, Kreh Germaine:

> "Are we thinking IT volume 10 is going to measure against us for the future? I am concerned that judgements will be made on what is too much in comparison to another agency. We are trying to use IT to help accomplish the mission of agencies. To say that we are spending too much and evaluating the value of that (too much) is a program issue. Each program/agency is different. I can see where core IT services should be analyzed, one agency may justify 20 databases where another justifies two, yet that it could be right in each instance. That is why I am concerned about where this could go."

Response, Amy Sassano:

> "I would be surprised if this Enterprise-wide group would get into that level of detail. Those are the type of conversations that should happen in preparation for the Legislative subcommittees."

IT Creates Cost Avoidance

Amy commented one of her concerns is giving the impression that IT will save the State money. IT will not save us money, however, it can create cost avoidance. We need to immigrate that message into our conversations.

Kreh commented we are not going to see reductions in IT expenses. We are going to see better ability to engage the citizens through the technologies we have. Comparing agencies to other agencies may be a bad comparison to make. It can lead to misinformation.

John commented we will probably have to provide some education and tell our story compared to those numbers.

Ron commented the Appropriation Subcommittees should be focused on the agency mission, programs, tasks, operations and day to day impact on the citizens of the State of Montana. However, agencies will not be able to avoid certain questions/discussions in these debates.

IT Volume 10 as an Informational Report

Jennie suggested that part of the Executive Summary in Volume 10 should note we are trying to provide consistency in our IT reporting, but doesn't reflect the efficiency gained in how these technologies apply to programs. That information can only come through discussion with the individual agencies.

Inquiry, Becky Buska

"We are using the account codes for the long range building money, but that will be in Volume 10?"

Response, Amy Sassano:

"The proposal for the next HB10 will be in Volume 9. HB10 expenditures will be included in Volume 10. Percentages will be apples to apples."

Inquiry, Jennifer Simmons:

"Are HB1 expenses in IT job codes reported in IT Volume 10."

Response, Amy Sassano:

"The expenses from HB1, if they were in IT job codes, will be reported in Volume 10 in an 'other sources of authority category'."

Action: set up a follow up meeting to discuss guidelines for reporting expenditures. Bring your fiscal staff that understand agency and program budgets and asset management. Bring as many use cases as possible so we can answer some of these questions.

Next Meeting: Guidelines Discussion
Date: Monday, October 5
Time: 2:00 pm – 3:00 pm
Location: Mitchell Building, room 53

Meeting adjourned: 10:22 am

III.   Summary of Action Items

Action: Cheryl Grey will check on how pay plans should be handled and report back with the information.

Action: Cheryl Grey IT will send out the IT job codes.

Action: Let Jenifer Alger or Cheryl Grey know if there are job code items of concern.

Action: Set up a follow up meeting to discuss guidelines for reporting expenditures. Bring fiscal staff that understand agency and program budgets and asset management. Bring as many use cases as possible so we can answer these questions.

Meeting Minutes Draft submitted on September 28, 2015

Submitted by: Samantha Cooley